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Paul Bonavia
Chairman, President &
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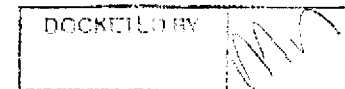
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September 8, 2009

Arizona Corporation Commission
DOCKETED

SEP -8 2009

Chairman Kristin K. Mayes
Commissioner Gary Pierce
Commissioner Paul Newman
Commissioner Sandra D. Kennedy
Commissioner Bob Stump
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007



RE: Customer Bill Payments

-- Docket G-04204A-08-0571

Dear Commissioners:

Since UniSource Energy Corporation's acquisition of Citizens Utilities' Arizona electric and gas properties, Tucson Electric Power Company ("TEP") and UniSource Energy Services ("UES") have taken several steps to economize, standardize and improve customer services. For example, TEP and UES have combined payment remittance processes (and transferred that activity from Texas to Prescott, Arizona), consolidated call center services (which extended operating hours and introduced bilingual customer service representatives) and offered an expanded variety of bill payment methods. In May of this year, Walmart Stores nationwide began accepting and processing TEP and UES bill payments. To date, over 15,000 customer bill payments have been made through Walmart stores. In addition to these steps, over the same period of time, we stopped accepting customer bill payments in all of our offices except in Lake Havasu, Kingman and Nogales.

Earlier this year we announced that effective October 1, 2009, our offices in Lake Havasu, Kingman and Nogales would no longer accept bill payments. We also announced that we would be instituting a process whereby customers who wanted to speak to a utility representative at one of our offices could do so. This would require the utilities to install an intercom system, phone link to our call center and dedicated computer kiosk in each lobby. This is also scheduled to be implemented on October 1, 2009.

These changes were discussed in UNS Gas' pending rate case (Docket No. G-04204A-08-0571; the "UNS Gas rate case".) During a public comment session in the UNS Gas rate case held on August 17, 2009 in Nogales, Arizona, Mayor Octavio Garcia-Von Borstel and others expressed concerns about the plan to no longer accept customer bill payments at the Nogales office. The Mayor and other speakers (including several Commissioners) raised several economic, social and cultural issues that they asserted distinguished Nogales from other communities in the service territories of TEP and UES. TEP and UES were encouraged to work with representatives of Nogales to find other solutions, if possible, to the issue.

I want to assure you that TEP and UES are committed to providing effective and reliable customer service while at the same time ensuring the safety of our customers and employees. We are also committed to consider the input that we receive from our customers, local officials and you, the Commission. In accordance with our commitment and in response to the comments of the Mayor and others, we are developing potential alternatives to terminating customer payments in the Nogales office. We will be approaching the Mayor to enlist his support in implementing alternatives, if possible. If an alternative solution is not reached prior to October 1st, we will continue to accept customer bill payments at the Nogales office until an acceptable alternative is reached or we determine that there is no better solution. We will keep the Commission informed of the progress of our actions.

In the meantime, we will proceed with installing the customer communication equipment in our other lobbies and notifying our customers that bill payments will not be accepted in Lake Havasu and Kingman effective October 1, 2009. As this was discussed in the UNS Gas rate case, I will be sending a copy of this letter to Docket Control and the parties of record in that case.

Please do not hesitate to contact me if you have any questions regarding this.

Sincerely,



Paul Bonavia

cc: Docket Control (Docket No. G-04204A-08-0571)
Dwight Nodes, Assistant Chief Administrative Law Judge
Robin R. Mitchell, Esq.
Kevin O. Torrey, Esq.
Daniel Pozefsky, Chief Counsel
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